



March 2018

MESSAGE FROM THE IG

OIG had a productive month in February, issuing another eight audit and inspection reports in all. With help from our Department of Defense and USAID OIG counterparts, we also issued quarterly reports for Operation Inherent Resolve, Operation Pacific Eagle-Philippines, and Operation Freedom's Sentinel. Finally, two defendants were sentenced for their roles in crimes that affected Department of State programs.

MAKING A DIFFERENCE

In February 2018, [six individuals were charged](#) for their alleged participation in an elaborate international advance fee and money laundering scheme. The individuals allegedly impersonated bank executives and falsely told victims they would receive millions of dollars in investment funding as part of joint ventures with U.S. banks. To convince victims that the opportunities were legitimate, the perpetrators recruited U.S. citizens to pose as bank "representatives" at in-person meetings with victims around the world, and, if occurring abroad, utilized sham visits to the local U.S. embassy or consulate and fabricated U.S. Government documents to make the victims believe the U.S. Government was sponsoring the investment agreements. The scheme allegedly resulted in total losses of more than \$7 million for victims in more than 20 countries. A house in Richmond, TX; a 2014 Land Rover Range Rover; and approximately \$200,000 in cash have been seized. OIG and FBI special agents jointly investigated this matter.

In February 2018, a former Department employee was sentenced to one year of

home confinement, 300 hours of community service, and three years of probation; the former employee was also ordered to pay \$416,020 in restitution and to forfeit \$53,000. The defendant [pleaded guilty](#) in November 2017 to conspiracy to commit theft of government property and wire fraud. Both of these charges were related to the defendant's role in a scheme to misappropriate and re-sell for personal profit Department vehicles, with an estimated value of at least \$512,420. OIG and FBI special agents jointly investigated this case.

In February 2018, [a Romanian citizen was sentenced](#) to three years in prison for his role in a government contract kickback scheme that caused a loss of more than \$3.4 million to the Department. A Federal jury convicted this defendant in November 2017. OIG special agents determined the contractor conspired to inflate the lease of real property for use on a Department contract. The contractor, in turn, facilitated kickback payments directly to other contractors, who were sentenced in 2017.

In February, the Department issued two cables referencing OIG work. In a February 13 cable, "Accountability for Security,

RECOMMENDATION STATUS

as of February 28, 2018

810
Open
Recommendations

66
Recommendations
Closed During
February

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Resources, and Transparency," the Department urged post personnel to take specific training titled, "Emergency Action Committee," that OIG had recommended in its emergency planning work. The cable also referenced other OIG findings and recommendations related to records management and encouraged personnel to properly maintain and dispose of records. Additionally, the cable recognized that OIG management alerts and reports "offer information on best practices on management controls." A February 16 cable, "Continuing to Improve Emergency Planning and Preparedness," also cited OIG emergency planning recommendations and discussed actions the Department is taking to improve emergency planning and preparedness in response to OIG work.

The Department codified a process to formally request and obtain annual reports of all classification decisions from all Department bureaus and offices. This was in response to OIG's September 2016 report, [Compliance Follow-up Review of the Department of State's Implementation of Executive Order 13526, Classified National Security Information](#).

SPOTLIGHT ON SUCCESS

A Model for Public Diplomacy Grants Training and an Innovative Template for Risk Assessment and Monitoring (*Inspection of the Bureau of South and Central Asian Affairs*, [ISP-S-18-11](#), February 2018)

The Bureau of South and Central Asian Affairs' Office of Press and Public Diplomacy used a multi-track training and support program to maintain effective grants administration in Afghanistan and Pakistan, despite high turnover of U.S. officers and locally employed staff. During fiscal years 2016 and 2017, the office's Grants Unit trained an average of 35 Foreign Service officers each summer. In-country and regional trainings were held for up to 70 locally employed staff. The unit also conducted regular interactive on-line sessions for up to 60 people and held weekly conference calls with Grants Officer Representatives in Kabul and Islamabad. OIG's most recent inspections of Embassy Kabul and Embassy Islamabad found well-administered grants programs at both posts, demonstrating the success of these training and support efforts.

Additionally, in fiscal year 2017, the South and Central Asian Affairs' Grants Unit created and gained Department approval for a new risk assessment template customized for overseas public diplomacy grants. The template generates the elements for each grant's monitoring plan based on risk inputs. This is an innovation that the Department should consider replicating more generally to address a global pattern of non-compliance with risk assessment and monitoring plan requirements that OIG previously had identified, in its 2017 [Management Assistance Report: Improved Oversight Needed to Standardize the Use of Risk Assessments and Monitoring Plans for Overseas Grants](#).

REPORTS ISSUED

- *Quarterly Report to Congress on Operation Inherent Resolve and Operation Pacific Eagle-Philippines for the 1st Quarter of Fiscal Year 2018* ([February 2, 2018](#))
- *Management Assistance Report: Process Used by the Department of State To Prepare the Joint Purchase and Integrated Card Violation Report Requires Improvement* ([AUD-CGI-18-26](#))
- *Audit of the Bureau of International Narcotics and Law Enforcement Affairs Invoice Review Process for Contracts in Afghanistan* ([AUD-MERO-18-30](#))
- *Audit of the Administration of Selected Cooperative Agreements Awarded to the Institute of International Education by the Bureau of Educational and Cultural Affairs* ([AUD-CGI-18-15](#))
- *Audit of the Bureau of Diplomatic Security's Management and Oversight of Explosives Detection Canine Services in Afghanistan** ([AUD-MERO-18-29](#))
- *Independent Auditor's Report on the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2017 and 2016 Financial Statements* ([AUD-FM-18-08](#))
- *Quarterly Report to Congress on Operation Freedom's Sentinel for the 1st Quarter of Fiscal Year 2018* ([February 16, 2018](#))
- *Management Assistance Report: The Broadcasting Board of Governors Did Not Fully Address Invalid Unliquidated Obligations Identified During the FY 2016 Financial Statements Audit* ([AUD-FM-IB-18-28](#))
- *Inspection of the Bureau of South and Central Asian Affairs* ([ISP-S-18-11](#))
- *Management Letter Related to the Audit of the U.S. Department of State 2017 Financial Statements* ([AUD-FM-18-07](#))

*Report is classified or sensitive but unclassified.



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